

**CASTLE OAKS METROPOLITAN DISTRICT
TOWN OF CASTLE ROCK, COLORADO**

2020 ANNUAL REPORT

Pursuant to the Amended and Restated Service Plan for Castle Oaks Metropolitan District (the "District"), the District is required to submit an annual report to the Town of Castle Rock, Colorado (the "Town") which reflects activity and financial events of the District through the preceding December 31 (the "report year") and includes the following:

To the best of our actual knowledge, for the year ending December 31, 2020, the District makes the following report:

A. A narrative summary of the progress of the District in implementing its service plan for the report year.

The District has previously constructed and financed a large portion of the infrastructure necessary to serve the property within its boundaries. The construction of additional public infrastructure by the District has not been necessary.

B. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (i.e. balance sheet) as of December 31 of the report year and the statement of operations (i.e. revenues and expenditures) for the report year.

The audit for the year ending December 31, 2020 has not been completed as of this filing. The District will file a supplemental report to this Annual Report when the results of the 2020 audit is completed.

C. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year.

There were no capital expenditures in 2020 and there are no planned improvements scheduled for the District in the next 5 years.

D. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness or long-term obligations issued in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and the current mill levy of the District pledged to debt retirement in the report year.

A summary of the financial obligations of the District can be found in the 2021 budget attached hereto as **Exhibit A**.

E. The District's budget for the calendar year in which the annual report is submitted.

A copy of the District's 2021 budget is attached hereto as **Exhibit A.**

F. A summary of residential and commercial development that has occurred within the District for the report year.

Development was complete as of January 1, 2019.

No residential or commercial development occurred in 2020.

G. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year.

The District imposes a facilities development fee on the property within the District in the amount of \$3,465 on each Single Family Equivalent.

H. Certification of the Boards that no action, event, or condition of Section 11.02.060 (Material Modification of Service Plan) has occurred in the report year.

The Certificate is attached as **Exhibit B.**

I. The names, business addresses and phone numbers of all members of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the board.

Board of Directors:

Christopher Pratt
100 Third Street
Castle Rock, CO 80104
303-660-7338

Thomas Hykes
2652 Red Bird Trail
Castle Rock, CO 80108
719-287-3336

Regular Meetings:

Date: June 2, 2021 and November 3, 2021
Place: 1465 Autumn Sage Street, Castle Rock, Colorado
Time: 6:00 p.m.

General Counsel:

Kristin B. Tompkins, Esq.
WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law
2154 E Commons Ave, Suite 2000
Centennial, CO 80122

EXHIBIT A

2021 Budget

CASTLE OAKS METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

**CASTLE OAKS METROPOLITAN DISTRICT
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 484,092	\$ 794,847	\$ 1,192,859
REVENUE			
Property taxes	1,379,254	1,503,897	1,514,480
Specific ownership tax	138,339	122,500	121,159
Interest income	24,544	9,290	3,450
Other revenue	39	-	300
Total revenue	<u>1,542,176</u>	<u>1,635,687</u>	<u>1,639,389</u>
Total funds available	<u>2,026,268</u>	<u>2,430,534</u>	<u>2,832,248</u>
EXPENDITURES			
General Fund	49,641	52,348	76,000
Debt Service Fund	1,181,780	1,185,327	1,189,000
Total expenditures	<u>1,231,421</u>	<u>1,237,675</u>	<u>1,265,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,231,421</u>	<u>1,237,675</u>	<u>1,265,000</u>
ENDING FUND BALANCES	<u>\$ 794,847</u>	<u>\$ 1,192,859</u>	<u>\$ 1,567,248</u>
EMERGENCY RESERVE	<u>\$ 4,400</u>	<u>\$ 3,100</u>	<u>\$ 3,100</u>
TOTAL RESERVE	<u>\$ 4,400</u>	<u>\$ 3,100</u>	<u>\$ 3,100</u>

No assurance provided. See summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
ASSESSED VALUATION			
Residential	\$ 26,404,280	\$ 30,109,520	\$ 30,615,160
Commercial	16,470	81,110	-
State assessed	325,500	300,100	292,600
Vacant land	607,930	201,060	-
	<u>27,354,180</u>	<u>30,691,790</u>	<u>30,907,760</u>
Certified Assessed Value	<u>\$ 27,354,180</u>	<u>\$ 30,691,790</u>	<u>\$ 30,907,760</u>
MILL LEVY			
General	4.422	3.000	3.000
Debt Service	46.000	46.000	46.000
Total mill levy	<u>50.422</u>	<u>49.000</u>	<u>49.000</u>
PROPERTY TAXES			
General	\$ 120,960	\$ 92,075	\$ 92,723
Debt Service	1,258,292	1,411,822	1,421,757
Levied property taxes	<u>1,379,252</u>	<u>1,503,897</u>	<u>1,514,480</u>
Adjustments to actual/rounding	2	-	-
Budgeted property taxes	<u>\$ 1,379,254</u>	<u>\$ 1,503,897</u>	<u>\$ 1,514,480</u>
BUDGETED PROPERTY TAXES			
General	\$ 120,960	\$ 92,075	\$ 92,723
Debt Service	1,258,294	1,411,822	1,421,757
	<u>\$ 1,379,254</u>	<u>\$ 1,503,897</u>	<u>\$ 1,514,480</u>

No assurance provided. See summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 182,367	\$ 277,556	\$ 327,573
REVENUE			
Property taxes	120,960	92,075	92,723
Specific ownership tax	12,132	7,500	7,418
Interest income	11,699	2,790	850
Other revenue	39	-	300
Total revenue	<u>144,830</u>	<u>102,365</u>	<u>101,291</u>
Total funds available	<u>327,197</u>	<u>379,921</u>	<u>428,864</u>
EXPENDITURES			
General and administrative			
Accounting	20,945	20,000	28,000
Audit	5,250	5,950	6,500
County Treasurer's fee	1,815	1,381	1,391
Directors' fees	-	900	900
Dues and licenses	317	354	500
Election expense	-	5,068	-
Insurance and bonds	3,295	3,595	4,500
Legal services	17,985	15,000	30,000
Miscellaneous	34	100	300
Website	-	-	1,000
Contingency	-	-	2,909
Total expenditures	<u>49,641</u>	<u>52,348</u>	<u>76,000</u>
Total expenditures and transfers out requiring appropriation	<u>49,641</u>	<u>52,348</u>	<u>76,000</u>
ENDING FUND BALANCE	<u>\$ 277,556</u>	<u>\$ 327,573</u>	<u>\$ 352,864</u>
EMERGENCY RESERVE	<u>\$ 4,400</u>	<u>\$ 3,100</u>	<u>\$ 3,100</u>
TOTAL RESERVE	<u>\$ 4,400</u>	<u>\$ 3,100</u>	<u>\$ 3,100</u>

No assurance provided. See summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/11/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 301,725	\$ 517,291	\$ 865,286
REVENUE			
Property taxes	1,258,294	1,411,822	1,421,757
Specific ownership tax	126,207	115,000	113,741
Interest income	12,845	6,500	2,600
Total revenue	<u>1,397,346</u>	<u>1,533,322</u>	<u>1,538,098</u>
Total funds available	<u>1,699,071</u>	<u>2,050,613</u>	<u>2,403,384</u>
EXPENDITURES			
Debt Service			
Bond interest - Series 2018	734,400	713,150	690,900
Bond principal - Series 2018	425,000	445,000	465,000
Contingency	-	-	5,774
County Treasurer's fee	18,880	21,177	21,326
Paying agent fees/bank fees	3,500	6,000	6,000
Total expenditures	<u>1,181,780</u>	<u>1,185,327</u>	<u>1,189,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,181,780</u>	<u>1,185,327</u>	<u>1,189,000</u>
ENDING FUND BALANCE	<u>\$ 517,291</u>	<u>\$ 865,286</u>	<u>\$ 1,214,384</u>

No assurance provided. See summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by court order and decree of the District Court for the County of Douglas on January 2, 2001, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the Town of Castle Rock, Colorado.

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction, and completion of public improvements and services, including water, sanitation/storm sewer, streets, park and recreation, transportation, mosquito control, safety protection, television relay and translation, and security.

On November 7, 2000, District voters authorized the District to issue \$250,750,000 of general obligation bonds or other financial obligations for the infrastructure development, parks and recreation, performance of intergovernmental agreements, formation of a regional water authority, refinancing of district debt, and other uses. However, the District's Service Plan limits its general obligation debt to \$25,000,000.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**CASTLE OAKS METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of, approximately 0.25%.

Expenditures

Administrative Expenditures

Administrative expenditures include the services necessary to maintain the administrative viability such as legal, accounting, insurance, and other administrative expenses of the District.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Debt Service

The principal and interest payments in 2020 are provided based on the debt amortization schedule from the General Obligation Limited Tax refunding Bonds, Series 2018 (discussed under Debts and Leases)

Debt and Leases

On October 24, 2018, the District refunded \$18,210,000 of Nontaxable Refunding Loan, Series 2015B by the issuance of \$16,415,000 General Obligation Limited Tax Refunding Bonds, Series 2018 (the "Bonds"). The proceeds were used for the purposes of: (i) advance refunding of the Nontaxable Refunding Loan, Series 2015B and (ii) paying the costs of issuance on the Bonds.

The Bonds are term bonds that bear interest at 5.00%, payable semi-annually On June 1 and December 1, 2018, beginning on December 1, 2018. The Bonds maturing on December 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2028, and on any date thereafter, upon payment of par plus accrued interest, without redemption premium. Annual mandatory sinking fund principal payments are due on December 1 of each year beginning on December 1, 2018. The Bonds mature on December 1, 2040.

**CASTLE OAKS METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debts and Leases (continued)

The Bonds are secured by and payable from the Pledged Revenue, consisting of the monies derived by the District from the following sources, net of any costs of collection: (i) the Required Mill Levy (an amount sufficient to pay the principal of and interest on the Bonds, but not in excess of 50.000 mills, as adjusted); (ii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (iii) any other legally available monies which the District determines, in its absolute discretion, to credit to the Bond Fund.

Required Mill Levy means an ad valorem mill levy imposed upon all taxable property within the District each year in an amount sufficient, to pay the principal and interest on the Bonds as the same become due, but not in excess of 50.000 mills. These mill levies have been adjusted by the Board as a result of subsequent changes in the ratio of actual valuation to assessed valuation which have occurred since 2002. The current adjusted mill levy is 63.986.

The District has no operating or capital leases.

	Balance at December 31,			Balance at December 31,
	2019	Additions	Reductions	2020
G.O Bonds - Series 2018	\$ 15,570,000	\$ -	\$ 445,000	\$ 15,125,000
Bond Preimum - Series 2018	935,726	-	76,391	859,335
Total	<u>\$ 16,505,726</u>	<u>\$ -</u>	<u>\$ 521,391</u>	<u>\$ 15,984,335</u>

	Balance at December 31,			Balance at December 31,
	2020	Additions	Reductions	2021
G.O Bonds - Series 2018	\$ 15,125,000	\$ -	\$ 465,000	\$ 14,660,000
Bond Preimum - Series 2018	859,335	-	74,008	785,327
Total	<u>\$ 15,984,335</u>	<u>\$ -</u>	<u>\$ 539,008</u>	<u>\$ 15,445,327</u>

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2020, as defined under TABOR.

This information is an integral part of the accompanying budget.

**CASTLE OAKS METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
2021 BUDGET**

Bonds and Interest Maturing in the Year Ending December 31,	\$16,415,000 General Obligation Limited Tax Refunding Bonds Series 2018 Interest 5.00% Dated October 24, 2018 Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2021	\$ 465,000	\$ 690,900	\$ 1,155,900
2022	485,000	672,300	1,157,300
2023	510,000	648,050	1,158,050
2024	535,000	622,550	1,157,550
2025	560,000	595,800	1,155,800
2026	590,000	567,800	1,157,800
2027	620,000	538,300	1,158,300
2028	650,000	507,300	1,157,300
2029	685,000	474,800	1,159,800
2030	715,000	440,550	1,155,550
2031	750,000	404,800	1,154,800
2032	790,000	367,300	1,157,300
2033	830,000	327,800	1,157,800
2034	870,000	286,300	1,156,300
2035	915,000	242,800	1,157,800
2036	950,000	206,200	1,156,200
2037	990,000	168,200	1,158,200
2038	1,030,000	128,600	1,158,600
2039	1,070,000	87,400	1,157,400
2040	1,115,000	44,600	1,159,600
	\$ 15,125,000	\$ 8,022,350	\$ 23,147,350

No assurance provided. See summary of significant assumptions.

EXHIBIT B

Certification

On behalf of the Board of Directors of the Castle Oaks Metropolitan District, I hereby certify that no action, event or condition set forth in Section 11.02.060 of the Intergovernmental Affairs Chapter of the Town of Castle Rock Code has occurred in the report year.

Chris PRATT
Chris PRATT (Jun 18, 2021 08:57 MDT)

Chris Pratt, Officer of the District